Form 51-102F3
Material Change Report

1. Name and Address of Company

NIR Diagnostics Inc.
44 Crawford Crescent
Campbellville, Ontario
L0P 1B0

2. Date of Material Change

January 3, 2006

3. News Release

A news release in respect of this material change was issued through Canada Newswire on January 4, 2006. A copy is attached.

4. Summary of Material Change

On January 3, 2006, NIR Diagnostics Inc. **("NIR Diagnostics")** exercised its rights to reacquire 100% interest in the non-invasive GlucoNIR™ business that had previously been transferred as part of a tax assisted financing on December 31, 2004. The reacquisition resulted in the issuance of 1,081,620 common shares of NIR Diagnostics.

The 2004 financing raised gross cash proceeds of $901,350, received from an operating partnership, GTTS XVI Limited Partnership **("Operating Partnership")** as part of the Company's participation in an investment fund program **("Biotechnology Investment Fund Program")**, managed by IATRA Management Services Corporation **("Manager")**, a wholly-owned subsidiary of IATRA Life Sciences Corporation.

5. Full Description of Material Change

Pursuant to an offering by way of private placement, the ALX Limited Partnership **("ALX")** raised funds in 2004 for the Biotechnology Investment Fund Program, the mandate of which was to invest in limited partnerships with technology companies. Accordingly, ALX and NIR Diagnostics invested in the Operating Partnership.

Effective December 31, 2004, NIR Diagnostics, through its wholly-owned subsidiary NIR Systems Inc., transferred its non-invasive GlucoNIR™ business to the Operating Partnership for an aggregate purchase price of $9,454,360 that resulted in NIR Diagnostics holding cash of $450,675, a short-term note of $450,675 due February 28, 2005 (subsequently paid), a collateral note receivable of $5,107,650, and Class B limited partnership units in the Operating Partnership of $3,545,360. The Operating Partnership capital includes Class A limited partnership units **("Class A Units")** in the amount of $6,249,360 which are held by ALX. The principal asset transferred to the Operating Partnership was an exclusive license of certain intellectual property rights for the commercialization of the GlucoNIR™ technology. Pursuant to a Support Agreement, NIR Diagnostics has and will provide the Operating Partnership with the necessary employees of NIR Diagnostics and support for the Operating Partnership to carry on the non-invasive GlucoNIR™ business.

A Call Option Agreement between ALX and NIR Diagnostics gave NIR Diagnostics the right to purchase all, but not less than all, of the Class A Units of the Operating Partnership **("Call Option")**, at a date no later than January 31, 2010 **("Call Date")**, by giving notice to ALX between February 1, 2005 and June 30, 2009.

On February 14, 2005, NIR Diagnostics exercised the Call Option and designated the Call Date to be January 3, 2006. Accordingly, on January 3, 2006 NIR Diagnostics acquired 100% of the Class A Units of the Operating Partnership owned by ALX. The purchase price for the Class A Units was $8,804,400 **("Option Price")**, equal to the fair market value of the Class A Units on the Call Date, as determined by an independent valuator.

As payment for the Option Price, NIR Diagnostics assigned the collateral note receivable of $5,107,650, and issued 1,081,620 common shares, the maximum number of shares issuable under the Call Option.

By acquiring 100% of the Class A Units, NIR Diagnostics now owns 100% of the outstanding limited partnership units of the Operating Partnership, thereby reacquiring 100% control of the GlucoNIR™ business.

As a result of the exercise of the Call Option, as of January 3, 2006 the Call Option Agreement and related agreements are no longer in force. Also, a security interest in the Collateral Note provided by NIR Diagnostics as part of the tax assisted financing has been discharged.

6. **Reliance on subsection 7.1 (2) or (3) of National Instrument 51-102**
   Not applicable.

7. Omitted Information
   Not applicable.

8. Executive Officer
Duncan MacIntyre, Chief Executive Officer
Tel: (905) 854-5727

9. Date of Report
January 12, 2006

NIR Diagnostics Inc.

"*Stephen Curtis*"
Stephen Curtis
Chief Financial Officer

INVESTOR RELATIONS CONTACT:
Jason Hogan
The Equicom Group Inc.
(416) 815-0700 ext. 222

FOR IMMEDIATE RELEASE **TSX Venture: NID**

NIR DIAGNOSTICS REACQUIRES RIGHTS UNDER TAX ASSISTED FINANCING

CAMPBELLVILLE, Canada, January 4, 2006 - NIR Diagnostics Inc. (TSX Venture: NID), a leading-edge developer of handheld spectroscopy based medical instruments, today announced, in accordance with its press release of February 14, 2005, that the Company has acquired all units that it did not previously own of the GTTS XVI Limited Partnership ("GTTS") from the ALX Limited Partnership. The units have been purchased in exchange for an assignment of a promissory note and the issuance of 1,081,620 common shares of the Company. With this transaction, the Company reacquires a 100% interest in commercialization activities of the GlucoNIR™ business.

Under the terms of the tax assisted financing of December 31, 2004, the assets of the Company's non-invasive GlucoNIR™ business were transferred to GTTS, which obtained an exclusive license of certain intellectual property rights from NIR Diagnostics for the commercialization of the business.

The December 2004 financing raised gross cash proceeds of $901,350 from GTTS as part of the Company's participation in the Biotechnology Investment Fund Program, managed by IATRA Management Services Corporation, a wholly-owned subsidiary of IATRA Life Sciences Corporation.

About NIR Diagnostics
NIR Diagnostics is a leader in the development of near-infrared spectroscopic medical diagnostics. The Company has an extensive portfolio of optical, electronic and algorithm related patents in the field of in-vitro and in-vivo blood analysis.

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